



12 OCT 1977

MEMORANDUM FOR: Acting Deputy Director for Administration  
Deputy Director for Intelligence  
Deputy Director for Operations  
Deputy Director for Science and Technology

FROM: John F. Blake  
Acting Deputy Director of  
Central Intelligence

SUBJECT: Relationships with Agency Contractors

1. Action Requested: It is requested that the attached statement of policy be promulgated to those personnel in your directorate who are involved in the procurement of supplies and services.

2. Background:

Several recent incidents have indicated a need for policy guidance on the subject. In these incidents, Central Intelligence Agency officers have been asked by contractor personnel to comment on whether items developed under Agency contracts could be sold to other contractors, to the public, or even to foreign governments. Agency personnel have been unclear as to whether they should answer at all, who should take action if an answer should be made, and what the possible contractual or legal implications of providing an answer might be.

A task force, which included representation from the Offices of the Inspector General, Logistics, Security, General Counsel, and the DD/S&T, reviewed the several problems which have occurred, and developed the basic ideas included in the attached statement of policy.

*[Handwritten signature]* C-24/

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3. Staff Position: Providing direction to Agency contractors who seek guidance on marketing and distribution of products developed under CIA contract is in the mutual best interest of both the Agency and its contractors. Agency personnel involved with procurement of supplies and services must be aware of this basic policy and understand who should take action on contractor requests.

/s/John F. Blake

John F. Blake

Attachment

**Distribution:**

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Originating Office: Signed: James H. McDonald  
James H. McDonald  
Director of Logistics

27 SEP 1977

Date

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TAB

STATEMENT OF POLICY  
ON  
RELATIONSHIPS WITH AGENCY CONTRACTORS

1. Industrial contracts are executed to procure a wide range of supplies and services necessary for accomplishment of our CIA mission. In addition to the normal profit which our contractors earn for performing a specific contract, they may also gain technical knowledge which can be used in development and sale of various product lines to other United States Government elements, to the United States private sector, or to foreign governments.

2. The development of new product lines based on technological fallout from our contracts, whether for sale domestically or to foreign governments, is generally considered a desirable consequence since the end result is an improved standard of living and maximum utilization of taxpayer dollars. Exceptions to this general rule occur when technology required for production of deliverable items or the deliverable items themselves are classified, sensitive or involve proprietary information. In such cases the Agency attempts to provide guidance in its written contracts, and questions from contractors which address such contractual matters are answered by the cognizant contracting officer after necessary coordination with technical, security or other experts.

3. Other situations develop in which there are no guidelines and/or restrictions in the contract under which the technology or deliverable item was developed. In these situations the requirements office is most knowledgeable as to continuing classification, sensitivity of sale to other parties, or compromise of certain data elements relating to technology or deliverable end items. In these situations the cognizant technical officer, with approval of his office director or deputy director, should reply directly in writing to the contractor. If the transaction proposed by the contractor does not appear to be objectionable or to otherwise give rise to reservations, the technical office should inform the contractor in writing that it is not our policy to comment

on such transactions. The contractor must be advised to seek its own independent legal counsel as the Agency's action is not to be interpreted as tacit approval by the entire Federal Government. In addition, there may be other legal matters unknown to the requirements office which would affect the contractor, such as compliance with pertinent federal and state laws and regulations. If, however, the transaction causes us to have reservations or objections, we should so inform the contractor.

4. On issues which develop under the contract (paragraph 2), the contracting officer has the basic responsibility for preparing a coordinated response to the contractor. On noncontractual matters, such as those discussed in paragraph 3 above, the requirements technical office has the basic responsibility to reply to contractor queries. In no event should legitimate contractor queries be ignored since to do so may indicate that the Agency condones the proposed action. The Office of General Counsel or the Office of Logistics should be respectively consulted on legal and contractual matters.

/s/John F. Blake

John F. Blake  
Acting Deputy Director of  
Central Intelligence